

Message Text

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62

ACTION SS-15

INFO OCT-01 AF-10 ARA-16 ADP-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

USIA-15 EA-11 EUR-25 NEA-10 AID-20 COME-00 EB-11

FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01

OMB-01 IO-13 OIC-04 STR-08 RSR-01 /229 W

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R 292229Z AUG 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 5331

INFO USINT ALGIERS

UNCLAS SANTIAGO 3851

DEPT. PASS OPIC, TREASURY, EXIMBANK AND INTERESTED POSTS

E.O.11652: N/A

TAGS: EIND CI AG

SUBJ: MEETING OF COMMITTEE OF EXPERTS FROM
NON-ALIGNED COUNTRIES

REF: SANTIAGO 3659

1. SUMMARY. SUBJECT MEETING ENDED AUGUST 27 AND
APPROVED RESOLUTIONS CRITICAL OF PRIVATE FOREIGN INVESTMENT AND
MULTINATIONAL CORPORATIONS. DOCUMENTS WILL BE POUCHED TO
WASHINGTON WHEN AVAILABLE. END SUMMARY.

2. COMMITTEE OF EXPERTS DECIDED THAT FOLLOWING "CONCLUSIONS"
REGARDING FOREIGN PRIVATE INVESTMENT WILL BE SUBMITTED TO
HEADS OF STATE CONFERENCE IN ALGIERS : SINCE MUCH OF EXISTING
INVESTMENT HAS LED TO DISTORTIONS OF LDC ECONOMIES, IT SHOULD
BE REGULATED AND CONTROLLED TO MAKE IT CONSISTENT WITH NATIONAL
DEVELOPMENT PLANS; APPLICATIONS FOR NEW INVESTMENT SHOULD BE
SCREENED; COMMON RULES FOR TREATMENT OF FOREIGN CAPITAL
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SHOULD BE ADOPTED, INCLUDING DEFINITION OF REINVESTMENT

OF PROFITS AS NEW INVESTMENT, PROHIBITION (WITH FEWER EXCEPTIONS) OF PURCHASE OF EXISTING NATIONAL ASSETS BY FOREIGN INVESTORS, PRECISE REGULATIONS FOR PROFIT REMITTANCES, AND EXCLUSION OF FOREIGN INVESTMENT IN STRATEGIC SECTORS OF ECONOMY. COMMITTEE SUGGESTED MAJORITY OWNERSHIP BY LOCAL CAPITAL.

3. EXPERTS GROUP CRITICIZED POWER AND NEGATIVE EFFECTS ON LDCS OF QUOTE TRANSNATIONAL UNQUOTE CORPORATIONS AND CALLED FOR ESTABLISHMENT OF COMMON STANDARDS (E.G. COORDINATION OF TAX POLICIES) TO DEAL WITH THEM. IT RECOMMENDED CREATION OF INFORMATION CENTER ON CORPORATIONS, AND MAINTENANCE OF CLOSE LINK WITH GROUP OF 20 UN EXPERTS ANALYZING THIS AREA. IT WAS PROPOSED TO ALGIERS CONFERENCE THAT GROUP OF EXPERTS SHOULD PREPARED SPECIFIC DRAFT THIS SUBJECT WITHIN THREE MONTHS.

4. COMMITTEE CLAIMED THAT QUOTE EVERY STATE HAS INALIENABLE RIGHT UNQUOTE TO NATIONALIZE PROPERTIES TO MAINTAIN SOVEREIGNTY OVER ITS NATURAL RESOURCES AND TO QUOTE SET AMOUNT AND CONDITIONS OF COMPENSATION UNQUOTE. IT QUOTE CONDEMNED INTERVENTION BY SOME DEVELOPED STATES (WHICH) TEND TO INTERVENE IN DISPUTES BETWEEN DEVELOPING COUNTRIES AND LARGE FOREIGN COMPANIES OR MULTINATIONAL CORPORATIONS, EVEN WHEN SUCH COMPANIES VIOLATE NATIONAL LAWS, JURISDICTION AND SOVEREIGNTY UNQUOTE.

5. EXPERTS PROPOSED ADOPTION OF JOINT MEASURES TO IMPROVE BARGAINING POWER OF COUNTRIES EXPORTING BASIC COMMODITIES, INCLUDING PROMOTION OF PRODUCERS ASSOCIATIONS. COMMITTEE FAVORED MEETING OF NON-ALIGNED COUNTRIES TO CONSIDER THIS TOPIC. IT ALSO PROPOSED TO ALGIERS CONFERENCE THAT GROUP OF EXPERTS EXAMINE POSSIBILITY OF ESTABLISHING INSTITUTION TO PROMOTE TRADE AND AID AMONG THESE COUNTRIES.

6. COMMENT: ENRIQUE GUZMAN, FONMIN MULTILATERAL ECONOMIC OFFICIAL, TOLD EMBOFF THAT MEETING CONTAINED QUOTE NO SURPRISES UNQUOTE. HE NOTED THAT FINAL REPORT WAS BEING REVISED SLIGHTLY AND WOULD PROBABLY BE READY BY AUGUST 30.

WE WILL POUCH REPORT AND WORKING PAPERS TO WASHINGTON AS SOON AS AVAILABLE.

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TAGS: EIND, CI, AG
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